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City of Gainesville Employees' Pension Plan Fund

Andrew Murray and Kevin Fenelon. September 2021

BAILLIE GIFFORD | International Growth

Developments at Baillie Gifford

Our relationship

Appointed

— October 2009

Valuation as at August 31, 2021

— $96,875,867

Firm update

Increase in staff attendance at Edinburgh office whilst continuing to work flexibly

13 trainee investors joined in September

New Private Companies Fund launching in October 2021

New US Mutual Funds: China Equites and US Discovery

Portfolio holdings

20% >10 YEARS

Holding	%
Tencent ▬	4.9
Kering	4.5
L'Oréal ✚	2.3
Atlas Copco ✚	2.1
Inditex	1.9
SMC	1.5
Hong Kong Exchanges & Clearing	0.9
Aixtron	0.7
Novozymes	0.7
HDFC	0.4

40% 5-10 YEARS

Holding	%
ASML	7.2
MercadoLibre	5.0
Zalando ✚	4.6
Ferrari	3.8
Alibaba ▬	3.7
M3	3.6
Genmab	2.7
AIA	2.0
Ocado	1.7
Kinnevik	1.1
Stellantis	0.9
SoftBank Group ▬	0.7
TAL Education	0.6
Schibsted	0.5
SBI Holdings	0.5
Pan Pacific International ▬	0.5
Morphosys	0.3
Pigeon	0.2
Chr Hansen	0.1

26% 2-5 YEARS

Holding	%
Meituan	5.0
Spotify	3.1
NIO	2.3
HelloFresh	2.2
Umicore ✚	2.0
Nidec Corporation ✚	2.0
Delivery Hero	2.0
Wix.com	2.0
Sartorius Group	1.3
Ambu ✚	1.2
Ping An Insurance	1.2
Temenos	1.1
Adevinta	0.3

13% <2 YEARS

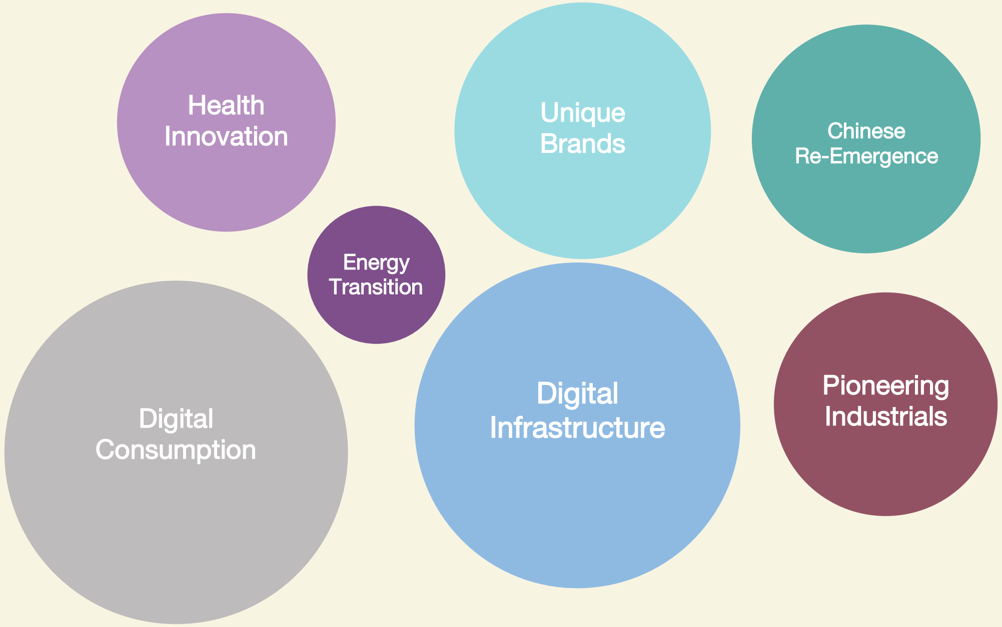
Holding	%
Adyen ✚	4.1
Argenx ✚	1.5
Afterpay NB	1.3
EXOR ✚	1.1
TSMC NB	1.0
Vestas Wind Systems NB	1.0
WuXi Biologics NB	0.9
WiseTech Global NB	0.7
Oatly NB	0.7
Xero NB	0.6
CureVac NB	0.4

Complete sales	Time held
Baidu.com	>10 years
BASF	5-10 years
CyberAgent	<2 years
Elekta	5-10 years
EssilorLuxottica	>10 years
Faurecia	<2 years
GMO Payment Gateway	<2 years
MakeMyTrip	<2 years
Rocket Internet	5-10 years
Rolls-Royce	>10 years

As at June 30, 2021. Totals may not sum due to rounding. Cash = 1.7%.
Holding weights and periods based on Baillie Gifford International Growth Fund.
Notable transactions shown 12 months to June 30, 2021. NB New Buy ✚ Addition ▬ Reduction.

Portfolio insights

Our portfolio insights analysis is a subjective representation of the various investment themes present in the portfolio. The diagram is an output of our bottom-up stock selection, and not the result of a top down asset allocation. We classify each stock in the portfolio into a maximum of three themes out of the seven possible. We then calculate a weighted average of its holding size in the portfolio. The size of each circle reflects the sum of the weighted averages of the underlying stocks. This thematic analysis represents the underlying growth trends in the economy we are excited about both today and going forward. We believe representing the portfolio in this way is more insightful than looking at standard industry or sector classifications.



Source: Baillie Gifford & Co.
As at June 30, 2021. Totals may not sum due to rounding.
Based on an illustrative portfolio.
The holdings used to produce the above diagram are based on an illustrative portfolio and may differ from the portfolio shown elsewhere in this document.

Health innovation

Computing power and genetic sequencing are transforming the healthcare industry. Treatment methods and business models will change radically.

Energy transition

We are entering a fourth energy transition driven by renewables. The variable cost of electricity will fall towards zero and disrupt traditional energy sources.

Unique brands

Groups providing these unique brands should benefit from rising consumption in many developing markets and increased spending by the affluent.

Chinese re-emergence

The scale and speed of China's economic growth continue to amaze. Education, urbanisation and technological innovation suggest the outlook remains bright.

Digital infrastructure

The companies in this theme provide the 'picks and shovels' facilitating digitisation in many sectors of the economy.

Digital consumption

Customers' behaviours are changing. Digitally native companies are driving the rapid adoption of online services.

Pioneering industrials

Intellectual property and engineering excellence can give companies a competitive edge that allows them to take advantage of growth opportunities.

Supporting companies to be exceptional

Engagement examples from 2020

Baillie Gifford's five stewardship principles

- Prioritisation of long-term value creation
- A constructive and purposeful board
- Long-term focused remuneration with stretching targets
- Fair treatment of stakeholders
- Sustainable business practices

Rolls-Royce

We explored the rationale for their rights issue, and then supported the capital raise. Additionally, we stressed that executive remuneration should be sympathetic to the cutbacks faced by the wider workforce.

Ocado

Encouraging Ocado to use its growing scale to push for a more sustainable supply chain.

Argenx

Challenging their pricing strategy; drug costs should be fair and transparent.

Ambu

Rapid growth of their single use medical devices requires more focus on recycling.

Genmab

Encouraging them to preserve their science-based culture as the business scales.

Zalando

Stay ambitious and scale-up investments as the business grows. We also challenged them on remuneration targets and board diversity and discussed board independence.

Amazon

We asked for better disclosure on social workforce health and safety data.

Inditex

While acknowledging their progress, we emphasised Inditex's responsibility to lead on environmental and social issues.

Temenos

We've been emphasising the need for more high-calibre tech talent on the board and have spent time with their new appointments.

GFG

We asked them to invest more in their platform. They listened and asked if we would support a capital raise. GFG have since implemented an accelerated investment and growth strategy.

Afterpay

Engagements on how a 'buy now pay later' business model avoids encouraging consumers to take on too much debt.

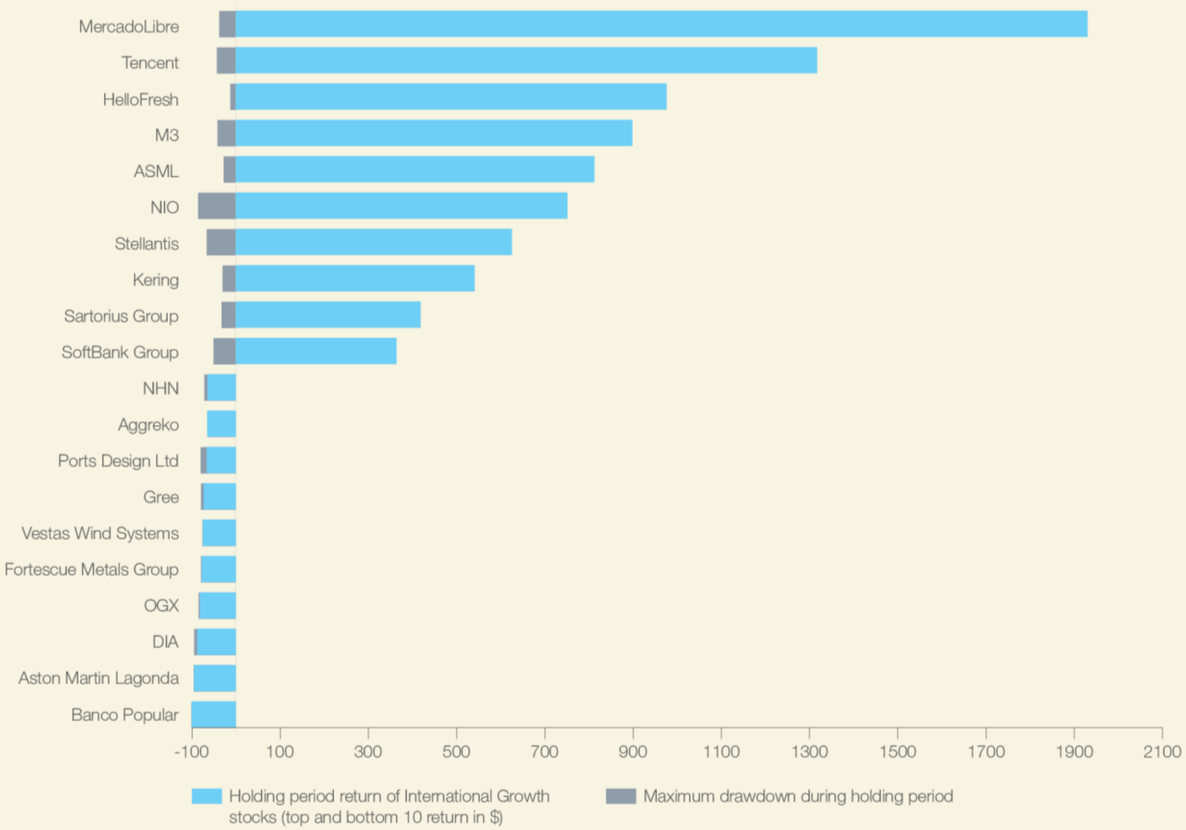
Xero

Following the departure of its founder, we emphasised the need to strengthen the board with technical and product expertise, and to aim high with these appointments.

Note: Not all companies are held in all client portfolios.

Exceptional outliers and their inevitable drawdowns

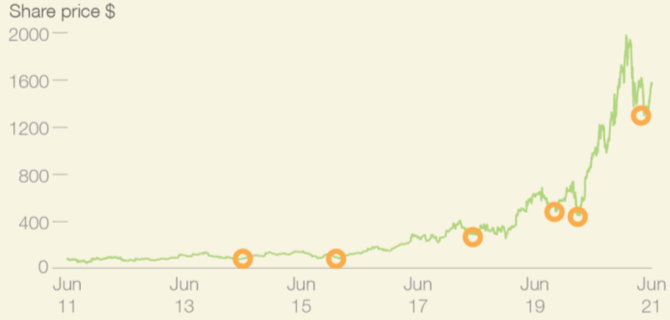
Some stocks offer huge upside



Source: StatPro, MSCI. Based on the Baillie Gifford International Growth Fund. US dollars. June 30, 2011 to June 30, 2021.
Some stocks were only held for part of the period.

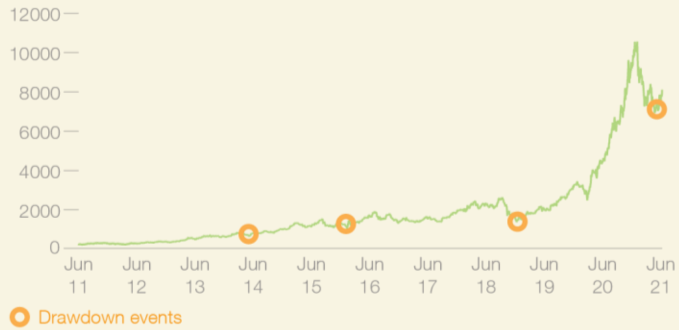
But even the biggest wealth creators experience large drawdowns

MercadoLibre – 6 drawdowns >30%



Tencent – 2 drawdowns >30%

M3 – 4 drawdowns >30%



Source: Thomson Reuters Eikon. Bessembinder (2020).

Learning from academia

'Even those investments that are the most successful at long horizons typically involve painful losses over shorter horizons.'

– Professor Hendrick Bessembinder

Performance

NAV investment returns to August 31, 2021

	Fund (NAV) %	Benchmark %	Difference %
Since inception* (p.a.)	12.76	7.11	+5.65
Ten years (p.a.)	13.53	7.97	+5.56
Five years (p.a.)	21.81	10.52	+11.29
Three years (p.a.)	21.90	9.97	+11.93
One year	23.44	25.37	-1.93

Top and bottom relative stock contributors

One year to August 31, 2021

Name	Fund (avg. weight) %	Contribution %
ASML	7.27	3.87
Adyen	3.53	1.73
MercadoLibre	5.03	1.34
HelloFresh	1.86	1.01
NIO	1.82	0.64
TAL Education Group	1.58	-2.11
Alibaba	4.08	-1.56
Spotify	3.14	-1.31
Tencent	5.30	-0.99
Meituan	4.68	-0.90

Top and bottom relative stock contributors

Five years to August 31, 2021

Name	Fund (avg. weight) %	Contribution %
ASML	6.02	10.00
MercadoLibre	2.68	6.08
M3	3.65	4.83
Ferrari	4.60	4.63
Kering	3.61	3.12
Rolls-Royce†	1.99	-1.72
Inditex	3.38	-1.44
Baidu.com†	2.49	-1.43
Rakuten†	0.61	-1.21
Aston Martin Lagonda†	0.15	-0.84

Source: Bank of New York Mellon, StatPro, MSCI. Totals may not sum due to rounding. NAV performance shown is based on Share Class 2 prices of the Fund.
Benchmark: MSCI ACWI ex US Index.
*July 10, 2009.†Sold during the period.

All investment strategies have the potential for profit and loss.
Past performance is not a guide to future returns.

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Contracting Entity

Baillie Gifford Overseas Limited

MSCI

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